

# FUND 700

## ROUTE 28 TAXING DISTRICT

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### ***Board of Supervisors' Adjustments***

***The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:***

- ◆ The Board of Supervisors made no changes to the FY 2004 Advertised Budget Plan.

***The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:***

- ◆ The Board of Supervisors made no adjustments to this fund.

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### ***County Executive Proposed FY 2004 Advertised Budget Plan***

#### **Purpose**

Fairfax County, in partnership with Loudoun County, formed the Route 28 Highway Transportation Improvement District on December 21, 1987. Under Virginia law such a district may be formed only upon the joint petition of owners of at least 51 percent of the land area in each County which is within the boundaries of the proposed district and which has been zoned or is used for commercial or industrial purposes. The District was formed to provide improvements to State Route 28 which connects State Route 7 in eastern Loudoun County to U.S. Route 50 and Interstate 66 in western Fairfax County, running approximately parallel to the County's western border. State Route 28 provides access to Dulles International Airport, along with the Dulles Access Road, which connects the Capital Beltway to Dulles International Airport. This District was formed upon landowner petition to accelerate planned highway improvements proposed by the State which relied primarily on slower pay-as-you-go financing from the Northern Virginia region's share of the State primary road fund allocation.

The District, administered by a Commission appointed by the Board of Supervisors of both Counties, may subject the owners of industrial and commercial property within the District to a maximum additional tax assessment of 20 cents per \$100 of assessed value. These funds, in addition to funds received through the State Primary Road Fund allocation formula, are to be used for the road improvements and debt service on bonds issued by the State. Improvements completed for Phase I of the Route 28 project included widening the existing road from two to six lanes and upgrading three major intersections. Any debt issued by the State to fund road improvements in the District will not become an obligation of Fairfax County. Legislation authorizing the issuance of revenue bonds up to \$160.7 million plus issuance expenses to finance the Phase I improvements to Route 28 was enacted during the 1988 Virginia General Assembly and became effective July 1, 1988. This legislation stipulates that the additional tax assessment in the District and funds allocated to the highway construction district, in which Route 28 lies, would reimburse the State for its debt service payments on its bonds. The Commonwealth issued \$138.5 million in revenue bonds for the District in September 1988.

Fairfax County and Loudoun County have entered into a contract with the District and agreed to levy an additional tax assessment as requested by the District, collect the tax, and pay all tax revenues to the Commonwealth Transportation Board. The contract specifies that the counties shall pay all revenues collected on behalf of the District to a Trustee jointly designated by the CTB and the counties and the District in turn shall notify the County of the required payment and request a rate sufficient to collect that amount, up to a maximum of 20 cents per \$100 of assessed value.

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### FY 2004 Initiatives

In FY 2004, an amount of \$5,973,407 has been included for Fairfax County collections based on the assessed real estate value in the Route 28 District and estimated tax collections. FY 2001 was the first year in its history that the District was able to pay the entire debt service requirement without State contributions. In accordance with the terms of the contract, the District must pay the full debt requirement for two years before the tax rate can be reduced.

In August 2002 Fairfax County, Loudoun County, the Commonwealth Transportation Board and the Fairfax County Economic Development Authority entered into new contractual agreements that will provide for construction of a portion of additional improvements on Route 28 (Phase II improvements). Specifically, six separated grade interchanges will be constructed to ease traffic congestion. Funding totaling \$204.9 million is made available from a joint financing plan that provides \$78.5 million from State Commonwealth Transportation Board (CTB) funds allocated from the state six-year primary and secondary road plan, approximately \$36.4 million of remaining CTB Route 28 bond authorization, and \$90 million of bond funds to be issued by the EDA and supported by the two counties. The funded Phase II improvements are expected to cost \$198.3 million to complete. The remaining \$6.6 million surplus is available as contingency or for future improvements. Remaining unfunded Phase II improvements include the completion of 4 other interchanges and widening a portion of the highway to 8 lanes. Funding for these improvements will be addressed at a later date.

All bond issues will be fully supported by District tax revenue. In order to maximize revenues available for new debt service, the CTB refunded its outstanding 1992 bonds in October, 2002. At the same time the CTB issued \$36.4 million of new bonds for construction, representing the balance of bond authorization remaining from the 1987 resolution. The Fairfax County EDA expects to issue the local bonds in 2003 and 2004. In the event that District revenues are not sufficient to make debt service payments, the State bonds are backed by the appropriated state allocations to the Northern Virginia Transportation District up to an amount of \$51,875,000 in cumulative actual payments since 1988. Total contributions since inception through October 1, 2002 were \$36,174,633. The EDA bonds will be supported by a Revenue Stabilization Fund (RSF) equal to maximum annual EDA debt service created from surplus revenue collections. As a further credit enhancement for the proposed EDA bonds, both Fairfax and Loudoun Counties have pledged a joint moral obligation in the event that tax revenues and the RSF are not sufficient to support EDA debt service. The following chart depicts the anticipated financing structure.

### Route 28 Project Financing Plan

Fiscal Year	District Revenues <sup>1</sup>	CTB Annual Debt Service <sup>2</sup>	EDA Annual Debt Service <sup>3</sup>	Total Annual Debt Service	Excess Revenues	Cumulative Excess Revenues <sup>4</sup>
2002					\$0	\$3,400,873
2003	\$11,723,000	\$4,656,294		\$4,656,294	7,066,706	10,467,579
2004	12,074,690	7,523,176		7,523,176	4,551,514	15,019,093
2005		7,531,145		7,531,145		
2006		7,258,145		7,258,145		
2007		7,529,845		7,529,845		
2008		7,524,883		7,524,883		
2009		7,530,713		7,530,713		
2010		7,528,150		7,528,150		
2011		7,528,835		7,528,835		
2012		7,529,625		7,529,625		
2013		7,530,300		7,530,300		
2014		7,528,050		7,528,050		

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Fiscal Year	District Revenues <sup>1</sup>	CTB Annual Debt Service <sup>2</sup>	EDA Annual Debt Service <sup>3</sup>	Total Annual Debt Service	Excess Revenues	Cumulative Excess Revenues <sup>4</sup>
2015		7,531,800		7,531,800		
2016		7,530,550		7,530,550		
2017		7,528,800		7,528,800		
2018		7,525,800		7,525,800		
2019		8,100,000		8,100,000		
2020		8,100,000		8,100,000		
2021		8,105,000		8,105,000		
2022		8,105,000		8,105,000		
2023		8,105,000		8,105,000		
2024		8,105,000		8,105,000		
2025		8,105,000		8,105,000		
2026		8,105,000		8,105,000		
2027		8,105,000		8,105,000		
2028		8,105,000		8,105,000		
2029		8,105,000		8,105,000		
2030		8,105,000		8,105,000		
2031		8,105,000		8,105,000		
2032		8,105,000		8,105,000		
Total	\$23,797,690	\$230,776,111	\$0	\$230,776,111	\$11,618,220	N/A

<sup>1</sup> Tax district revenues for FY 2004 are estimated at \$5,973,407 for Fairfax County. The balance of the estimate attributable to Loudoun County assumes an overall net growth of 3% for combined District revenues. Revenues may also include district buy-out proceeds and interest earnings.

<sup>2</sup> CTB Revenue Refunding and Revenue Bond Debt Service issue of September 26, 2002.

<sup>3</sup> To be determined upon completion of EDA bond issues scheduled for 2003 and 2004 for an approximate aggregate amount of \$90,000,000.

<sup>4</sup> FY 2002 represents funds on account with CTB after the refunding the 1992 bonds less FY 2003 collections from Fairfax included in the FY 2003 revenue estimates. Surplus revenues in succeeding years will accumulate to the credit of the RSF until an amount equal to maximum annual debt service is achieved. Surplus revenues available after achieving the full RSF funding may be used to fund additional Phase II improvements or reduce the tax rate in accordance with the District Contract.

## Funding Adjustments

*The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan since passage of the FY 2003 Adopted Budget Plan. Included are all adjustments made as part of the FY 2002 Carryover Review and all other approved changes through December 31, 2002:*

- ◆ There have been no revisions to this fund since approval of the FY 2003 Adopted Budget Plan. The contractual changes required to support financing the Phase II improvements did not change the mechanism by which District taxes are assessed, collected and paid to the CTB.

# FUND 700 ROUTE 28 TAXING DISTRICT

## FUND STATEMENT

Fund Type G70, Agency Funds

Fund 700, Route 28 Taxing District

	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$31,187</b>	<b>\$31,187</b>	<b>\$41,215</b>	<b>\$41,215</b>	<b>\$41,215</b>
Revenue:					
Real Estate Taxes-Current <sup>1</sup>	\$6,140,415	\$6,863,962	\$6,863,962	\$5,973,407	\$5,973,407
Interest on Investments	10,936	0	0	0	0
Total Revenue	\$6,151,351	\$6,863,962	\$6,863,962	\$5,973,407	\$5,973,407
<b>Total Available</b>	<b>\$6,182,538</b>	<b>\$6,895,149</b>	<b>\$6,905,177</b>	<b>\$6,014,622</b>	<b>\$6,014,622</b>
Expenditures:					
Payments to the State	\$6,141,323	\$6,863,962	\$6,863,962	\$5,973,407	\$5,973,407
Total Expenditures	\$6,141,323	\$6,863,962	\$6,863,962	\$5,973,407	\$5,973,407
<b>Total Disbursements</b>	<b>\$6,141,323</b>	<b>\$6,863,962</b>	<b>\$6,863,962</b>	<b>\$5,973,407</b>	<b>\$5,973,407</b>
<b>Ending Balance<sup>2</sup></b>	<b>\$41,215</b>	<b>\$31,187</b>	<b>\$41,215</b>	<b>\$41,215</b>	<b>\$41,215</b>

<sup>1</sup> In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$41,454 has been reflected as a decrease to FY 2002 revenues to reflect actual collections. The audit adjustment has been included in the FY 2002 Comprehensive Annual Financial Report (CAFR).

<sup>2</sup> Accumulated interest earned on investments.